

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1418.
FILED, MARCH 10th, 1966.

PONDER OILS LTD.

Full corporate name of Company
Incorporated 15 June 1951 by Memorandum and Articles of Association
under the provisions of The Companies Act (Alberta)
Particulars of Incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous
Filing Statement No. 884

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	On 12 January 1966 W. L. Falconer, G. R. Gibson, F.J. Heagle, and F. L. Hill (all being Directors of the Company) together with The Charterhouse Group Canada Limited, purchased from the Estate of O. H. Payne and John Payne Trust 771,544 common shares of a par value of 50¢ each of Ponder Oils Ltd., for \$331,673.92, being at a price of 43¢ (Canadian) per share. This transaction materially affected control of the Company, and reference is made to Para. 16 herein in this regard.
2. Head office address and any other office address.	806 Lancaster Building, Calgary, Alberta
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	President & Director: W. L. Falconer, 806 Lancaster Bldg., Calgary, Alta. - Pres. & Gen. Mgr., Ponder Oils Ltd., 1951 to date. Vice-President & Director: G. R. Gibson, 505 Midland National Bank Bldg., Midland, Texas - Geological Consultant. Secretary: Howard F. Gain, 300 Bentall Bldg., Calgary, Alta. - Barrister and Solicitor. Ass't Secretary- Donnie Clay, 806 Lancaster Bldg., Calgary, Alta. - Secretary. Directors: H. J. Dowd, 75 East End Ave., New York, N.Y. -Executive (Retired) F. J. Heagle, 1604 Centre St. N., Calgary, Alta. - Executive F. L. Hill, 1301 Eddy Ave., Rockford, Illinois - Executive L. S. Walsh, 215-20 27th Ave., Bayside 60, N.Y. - Secretary E. R. Alexander, Jr., 60 Yonge St., Toronto, Ont. - Executive E. R. Alexander, Jr. was appointed a Director of the Company on January 31, 1966.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 4,000,000 Common shares having nominal or par value of 50¢ each, and 15,000 - 6% Cumulative Redeemable Preferred shares having par value of \$100. each. Outstanding: 2,605,700 Common shares as fully paid and non-assessable, and 8,334 - 6% Cum.Red.Pref. shares as fully paid and non-assessable.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	The Company has hypothecated to the Royal Bank of Canada, to secure liabilities of its wholly-owned subsidiary Universal Printers Ltd. to the said bank, 8,000 Common shares of Universal Printers Ltd., being all of the issued shares of that company. This security was granted to the Bank as collateral security for a bank loan obtained by Universal Printers Ltd. in June 1964 in the amount of \$600,000 with interest at 6% per annum. This loan is repayable at the rate of \$10,000 per month plus accrued interest, and as at the date hereof there is owing to the Bank the sum of \$235,000. The proceeds of this loan were used by Universal Printers Ltd. to discharge its liability to Capital Funds IAC Limited (reported in Filing Statement No. 884) in the amount of \$425,000, and the balance has been used for general corporate purposes. The bank loan is secured by first mortgage bonds of Universal Printers Ltd. guaranteed by the Company and secured as a first, fixed specific pledge, and a first floating charge on all of the assets of Universal Printers Ltd.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	The Company has granted options to employees of the Company and its wholly-owned subsidiaries to purchase shares as follows: On Aug. 1, 1963: T. A. Comfort 15,000 shares Donnie Clay 8,500 " John Watt 7,500 " at an option price of 50¢ per share, which options expire July 31, 1966. On March 2, 1965: W. L. Falconer 100,000 shares G. R. Gibson 40,000 " D. A. McFee 6,000 " Donald Draper 3,500 " Darrel Smith 3,500 " John McCallum 3,500 " at an option price of 50¢ per share, which options expire March 1, 1965.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	W. L. Falconer, 806 Lancaster Bldg., Calgary, Alta. G. R. Gibson, 505 Midland National Bank Bldg., Midland, Texas T. A. Comfort, 158 James Ave., Winnipeg, Man. John Watt, 158 James Ave., Winnipeg, Man. Donnie Clay, 806 Lancaster Bldg., Calgary, Alta. Donald A. McFee, 158 James Ave., Winnipeg, Man. Donald Draper, 158 James Ave., Winnipeg, Man. Darrel Smith, 158 James Ave., Winnipeg, Man. John McCallum, 158 James Ave., Winnipeg, Man.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company plans to continue operating Universal Printers Ltd. and to investigate and participate in oil, gas and mineral exploration and development in Western Canada, and in the United States through its wholly-owned subsidiary, Discovery Inc.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1965
(with comparative figures for 1964)

**Auditors' Report to the Shareholders of
Ponder Oils Ltd.**

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the above consolidated balance sheet and consolidated statement of profit and loss and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Ponder Oils Ltd. and its subsidiary companies as at December 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting procedures and such tests of accounting records and other supporting documents as we considered appropriate.

Price Waterhouse & Co.

Chartered Accountants.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1965

1. For purposes of determining income taxes, the companies claim deductions for depreciation, development and depletion in amounts greater than those recorded in the accounts. Accumulated reduction in income taxes applicable to future years represents amounts applicable to future periods when depreciation charged for income tax purposes may be less than amounts recorded in the accounts.
 2. Options are outstanding whereby certain employees may purchase shares as follows:
31,000 shares at a price of 50¢ per share on or before July 31, 1966
156,500 shares at a price of 50¢ per share on or before March 1, 1968
- A further 77,500 shares are reserved for future issuance under stock option plans which may be granted to employees.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1965
(with comparative figures for 1964)

	<u>1965</u>	<u>1964</u>
Gross sales	\$2,494,041	\$2,715,004
Costs and expenses:		
Cost of sales	1,726,354	1,830,301
Selling, general and administrative expenses	334,480	322,131
Interest on long term debt	18,236	43,047
Depreciation and depletion	103,507	99,535
	<u>2,182,577</u>	<u>2,295,014</u>
Profit from operations	311,464	419,990
Other income	<u>8,473</u>	<u>1,503</u>
Profit before provision for income taxes	319,937	421,493
Provision for income taxes	<u>144,695</u>	<u>199,211</u>
Retained earnings, beginning of year	175,242	222,282
	<u>264,482</u>	<u>47,714</u>
	439,724	269,996
Deduct- Adjustment of prior years' income taxes	<u>10,254</u>	<u>5,514</u>
Retained earnings, end of year	<u>\$ 429,470</u>	<u>\$ 264,482</u>

Certain 1964 figures have been reclassified to conform with 1965 presentation.

PONDER OILS LTD. AND WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1965

Source of funds:

Funds provided by operations:

Net profit for the year \$175,242

Add- Charges not requiring funds:

Depreciation and depletion \$103,507

Decrease in accumulated tax reductions applicable to future years (1,700)

Decrease in deferred charges 308 102,115

\$277,357

Application of funds:

Purchases of property, plant and equipment, net \$ 43,093

Decrease in long term debt 120,000

Additional income taxes of prior years 10,254

173,347

Working capital, December 31, 1965 \$263,502

Working capital, December 31, 1964 159,492

Increase in working capital 104,010

\$277,357

PONDER OILS LTD.

806 Lancaster Bldg.
Calgary, Alberta

22 March 1966

The Toronto Stock Exchange
234 Bay Street
Toronto, Ontario

Dear Sirs:

I hereby certify that there has been no material change in the items described in the Balance Sheet of Ponder Oils Ltd. and its wholly-owned subsidiaries for the fiscal period ending December 31, 1965 except the declaration by the Company of a dividend of one and one-half cents per share payable June 30, 1966 to shareholders of record June 1, 1966.

Yours very truly,

PONDER OILS LTD.

W. L. Falconer
(W. L. Falconer)
President

wlf:dc

10. Brief statement of company's chief development work during past year.	Since the Company's last Filing Statement dated Feb. 28, 1963 the Company and its wholly-owned subsidiaries have engaged in the following development work: Discovery Inc. - 5 wells drilled in West Texas; 4 in Martin County and 1 in Loving County. Acquired royalty on 4,000 acres in Eddy County, New Mexico. Ponder Oils Ltd. - participating in farmout on 1240 acres in south-east Saskatchewan; well to be drilled shortly. Universal Printers Ltd. - property on James Avenue, Winnipeg, expropriated; entered into lease on new 30,000 sq. ft. plant in St. James, Manitoba, to be occupied by July 1, 1966.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None.
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None.
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Charterhouse Group Canada Limited, 60 Yonge St., Toronto, Ont.- - 470,000 shs. W. L. Falconer, 806 Lancaster Bldg., Calgary, Alta.- 295,545 " Parrish & Co., 40 Wall Street, New York, N.Y. - 161,350 " F. L. Hill, 1301 Eddy Ave., Rockford, Ill. - 130,000 " Eric Nissen, Box 245, Postal Stn. A, Calgary, Alta.- 114,500 " It is believed by the Company that the above named beneficially own the shares attributed to them.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The Charterhouse Group Canada Ltd., 60 Yonge St., Toronto, Ont. W. L. Falconer, 806 Lancaster Bldg., Calgary, Alta. The Charterhouse Group Canada Ltd. is an investment company which is 55% owned by The Charterhouse Group Ltd. (U.K.) and is engaged in providing financial assistance to a variety of corporate enterprises.
18. Brief statement of any lawsuits pending or in process against company or its properties.	None.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Discovery Inc. - \$ 1,000.00 (at cost) Universal Printers Ltd. - \$1,800,000.00 (at cost) both companies being wholly-owned subsidiaries.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	No shares of the Company are in the course of primary distribution to the public.

CERTIFICATE OF THE COMPANY

DATED 26 January 1966.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"W.L. Falconer"

"F.J. Heagle"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

